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will compare the total reserve balance requirement to be satisfied by the correspondent with the total balance maintained to satisfy a reserve balance requirement by the correspondent for purposes of determining deficiencies, imposing or waiving charges for deficiencies and for other reserve maintenance purposes. A charge for a deficiency in the correspondent's account will be imposed by the Reserve Bank on the correspondent maintaining the account.

(ii) Each correspondent is required to maintain detailed records for each of its respondents that permit Reserve Banks to determine whether the respondent has provided a sufficient funds to the correspondent to satisfy the reserve balance requirement of the respondent. The correspondent shall maintain such records and make such reports as the Board or Reserve Bank may require in order to ensure the correspondent's compliance with its responsibilities under this section and shall make them available to the Board or Reserve Bank as required.

(iii) The Federal Reserve Bank may terminate any pass-through agreement under which the correspondent is deficient in its recordkeeping or other responsibilities.

(iv) Interest paid on supplemental reserves (if such reserves are required under § 204.7) held by a respondent will be credited to the account maintained by the correspondent.

(e) Any excess or deficiency in an institution's balance maintained to satisfy its reserve balance requirement shall be carried over and applied against the balance maintained in the next maintenance period as specified in this paragraph. The amount of any such excess or deficiency that is carried over shall not exceed the greater of:

(1) The amount obtained by multiplying 0.04 times the depository institution's reserve requirement; or

(2) \$50,000. Any carryover not offset during the next period may not be carried over to subsequent periods.

[Reg. D, 74 FR 25638, May 29, 2009, as amended at 77 FR 21852, Apr. 12, 2012]

EFFECTIVE DATE NOTE: At 77 FR 21853, Apr. 12, 2012, § 204.5 was amended by revising paragraphs (b)(2) and (d)(4)(i); and removing para-

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graph (e), effective Jan. 24, 2013. At 77 FR 66361, Nov. 5, 2012, the effectiveness of this amendment was delayed until June 27, 2013. For the convenience of the user, the revised text is set forth as follows:

§ 204.5 Maintenance of required reserves.

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(b) * * *

(2) For institutions that file a report of deposits quarterly, the balances maintained to satisfy reserve balance requirements shall be maintained during an interval of either six or seven consecutive 14-day maintenance periods, depending on when the interval begins and ends. The interval will begin on the fourth Thursday following the end of each quarterly reporting period if that Thursday is the first day of a 14-day maintenance period. If the fourth Thursday following the end of a quarterly reporting period is not the first day of a 14-day maintenance period, then the interval will begin on the fifth Thursday following the end of the quarterly reporting period. The interval will end on the fourth Wednesday following the end of the subsequent quarterly reporting period if that Wednesday is the last day of a 14-day maintenance period. If the fourth Wednesday following the end of the subsequent quarterly reporting period is not the last day of a 14-day maintenance period, then the interval will conclude on the fifth Wednesday following the end of the subsequent quarterly reporting period.

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(d) * * *

(4)(i) A pass-through correspondent shall be responsible for maintaining balances to satisfy its own reserve balance requirement (if any) and the reserve balance requirements of all of its respondents. A charge for any deficiency in the correspondent's account will be imposed by the Reserve Bank on the correspondent maintaining the account.

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§ 204.6 Charges for deficiencies.

(a) Deficiencies in a depository institution's balance maintained to satisfy its reserve balance requirement after application of the carryover provided in § 204.5(e), are subject to deficiency charges. Federal Reserve Banks are authorized to assess charges for deficiencies at a rate of 1 percentage point per year above the primary credit rate, as provided in § 201.51(a) of this chapter, in effect for borrowings from the Federal Reserve Bank on the first day of

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the calendar month in which the deficiencies occurred. Charges shall be assessed on the basis of daily average deficiencies during each maintenance period.

(b) Reserve Banks may waive the charges for deficiencies except when the deficiency arises out of a depository institution's gross negligence or conduct that is inconsistent with the principles and purposes of reserve requirements. Decisions by Reserve Banks to waive charges are based on an evaluation of the circumstances in each individual case and the depository institution's reserve maintenance record. For example, a waiver may be appropriate for a small charge or once during a two-year period for a deficiency that does not exceed a certain percentage of the depository institution's reserve requirement. If a depository institution has demonstrated a lack of due regard for the proper maintenance of balances to satisfy its reserve balance requirement, the Reserve Bank may decline to exercise the waiver privilege and assess all charges regardless of amount or reason for the deficiency.

(c) In individual cases, where a Federal supervisory authority waives a liquidity requirement, or waives the penalty for failing to satisfy a liquidity requirement, the Reserve Bank in the District where the involved depository institution is located shall waive the reserve requirement imposed under this part for such depository institution when requested by the Federal supervisory authority involved.

(d) Violations of this part may be subject to assessment of civil money penalties by the Board under authority of Section 19(1) of the Federal Reserve Act (12 U.S.C. 505) as implemented in 12 CFR part 263. In addition, the Board and any other Federal financial institution supervisory authority may enforce this part with respect to depository institutions subject to their jurisdiction under authority conferred by law to undertake cease and desist proceedings.

[Reg. D, 74 FR 25639, May 29, 2009, as amended at 77 FR 21853, Apr. 12, 2012]

EFFECTIVE DATE NOTE: At 77 FR 21854, Apr. 12, 2012, § 204.6 was amended by revising paragraphs (a) and (b), effective Jan. 24, 2013. At

77 FR 66361, Nov. 5, 2012, the effectiveness of this amendment was delayed until June 27, 2013. For the convenience of the user, the revised text is set forth as follows:

§ 204.6 Charges for deficiencies.

(a) Federal Reserve Banks are authorized to assess charges for deficiencies at a rate of 1 percentage point per year above the primary credit rate, as provided in § 201.51(a) of this chapter, in effect for borrowings from the Federal Reserve Bank on the first day of the calendar month in which the deficiencies occurred. Charges shall be assessed on the basis of daily average deficiencies during each maintenance period.

(b) Reserve Banks may waive the charges for deficiencies based on an evaluation of the circumstances in each individual case.

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§ 204.7 Supplemental reserve requirement.

(a) *Finding by Board.* Upon the affirmative vote of at least five members of the Board and after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, the Board may impose a supplemental reserve requirement on every depository institution of not more than 4 percent of its total transaction accounts. A supplemental reserve requirement may be imposed if:

(1) The sole purpose of the requirement is to increase the amount of reserves maintained to a level essential for the conduct of monetary policy;

(2) The requirement is not imposed for the purpose of reducing the cost burdens resulting from the imposition of basic reserve requirements;

(3) Such requirement is not imposed for the purpose of increasing the amount of balances needed for clearing purposes; and

(4) On the date on which supplemental reserve requirements are imposed, the total amount of basic reserve requirements is not less than the amount of reserves that would be required on transaction accounts and nonpersonal time deposits under the initial reserve ratios established by the Monetary Control Act of 1980 (Pub. L. 96-221) in effect on September 1, 1980.